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27 March 1967

MEMORANDUM FOR: Chief, Administrative Support Staff,
Directorate of Science and Technology

SUBJECT : Promotion Headroom

1. This is an attempt to record the comments I made in our discussion of 21 March regarding the study underway to look at the Agency's problems in promotion headroom.

2. I am not including any statistics to support any viewpoint given here. However, we should be glad to supply any figures you need to supplement those you already have.

3. The comments below stress the point that the OCS problem is not one of promotion headroom, but salary headroom. With respect to the former, however, a few comments are in order: OCS has not yet felt the squeeze of promotion limitations with the exception of a few senior GS-14's, but we will be confronted with this problem within the next two years in promoting people to the GS-13/14 level. Thus far, we have been able to cope with this problem because: (a) the organization is growing and we have been able to plug in grades at the levels needed; (b) like everyone else, we have succumbed, in part, to the rationalization that is often suggested by wage and classification people--i.e., create organizational components that will accommodate the grades of the people; (c) we have had spotty success in hiring experienced people . . . if we had been more successful, the headroom problem would be severe now.

4. Like most components, we can plead that our problems are somehow unique. However, I believe our case is a particularly strong one and is supported by the comparisons given below, first between our Office and the rest of the Agency, and second between industry and Government.

OCS vs. Agency

a. OCS is one of the few but growing number of places in the Agency where professionals acquire a marketable skill which is much in demand and will continue to be so.

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b. The computer programmer/analyst's worth to the Agency rises exponentially with time, in that his detailed experience with computer systems results in not only more efficient performance, but fewer errors and false starts which affect others around him.

c. Long tenure of the professional is less important to OCS than other Agency components. The nature of our work usually does not create the indispensable man. We would hire a good man if we could predict that he would stay perhaps only two years.

d. The professional person's worth to OCS is not directly correlated to his supervisory responsibilities.

e. Because of the diversity and complexity of requirements imposed on OCS, our capability in the future will depend heavily on our ability to hire experienced people.

f. To some degree, the personal motivations and aspirations of computer and other technical people are unique. Whether we like it or not, they wish to be evaluated on their problem-solving ability, with less concern about the importance of the particular problem to Agency goals. They desire technical respect rather than functional control.

The distinctions mentioned above are largely a matter of degree. One would expect that the same conditions would apply elsewhere in the Directorate as well as for other specialists in the Agency, e. g., language translators or cartographers, but OCS is unique in that these conditions are so pervasive and, therefore, cause significant management problems.

Industry vs. Government (with respect to ADP salary administration)

a. Industry tends to gamble on a training investment in inexperienced people; Government salaries tend to be based on the current value of the person.

b. In industry, performance review and salary review are very closely tied together; in Government, salary review is independent of, and less important than, performance review.

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c. Under conditions of unchanging responsibilities, the average professional in industry receives large salary increments at intervals not exceeding one year; in Government, the salary increments are small, at intervals of not less than one year.

d. In industry, the salary structure for technical personnel is not tied to organizational structure; in Government, the salary is tied directly to the hierarchy.

e. In industry, the middle manager has responsibility for budgeting salaries along with other expenses; in Government, the middle manager has little responsibility for salary administration, and guidelines for numbers and levels of people are relatively independent of dollar budgeting.

5. The conditions stated above add weight to the comment you made about the uniqueness of our problems: In most Agency components, the headroom problem is a personal one to the individual affected; in OCS, the individual can solve his headroom problem simply by leaving, with severe management ramifications. In effect, almost every personnel action in this Office has salary implications; so, the headroom problem is not one that appears as an isolated flap, but is constantly with us.

6. All of the conditions mentioned here lead me to suggest that the Agency seriously consider the following possibility: that, in selected specialties, the middle manager be given considerable latitude in salary adjustment within grade. Under this philosophy, grade structure would retain the usual relationship to organizational hierarchy; a person would only move from one level to the next when his organizational responsibilities change. But within a given level, it would be possible to increase a man's salary by several steps at once or withhold an increase completely, depending on individual performance. Guidelines would have to be imposed to avoid the usual inconsistencies that top management would be concerned about. Such guidelines could include maximum percentage salary increase allowed for an individual within one year, close control over a component's budget for salaries, and salary curves based on education and experience. A policy which allows in-grade flexibility for salaries would help us in several ways. A few examples: In many cases, it is necessary to bring in experienced people at a high step of a high grade. Not only is the approval procedure cumbersome, but the man must be told that, barring a promotion or a QSI, resulting from outstanding

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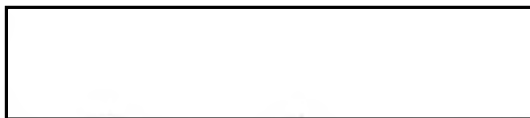
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performance, he will remain at the same salary for the next two or three years. As another example, we often hire a young, untried person with considerable potential where we would prefer to be conservative on the initial salary, but have the flexibility to increase his salary dramatically when we have seen his capability at close hand. A good fix can be obtained in six months or less. We have seen several cases where the man's rate of growth is phenomenal and his worth to the Office increases manyfold in a short time. The best we can do now is promote him in six months, but the net salary gain is relatively small.

7. Granting authority for in-grade salary increases seems practical but requires objective and courageous management at all levels. There is no reason to believe, however, that Agency managers, by definition, are less capable of sound application of a flexible salary administration policy than his counterpart in industry. It is somewhat paradoxical that the Agency manager is delegated considerably more responsibility in substantive areas than his industry counterpart, but is given less latitude in salary administration. Lacking authority and flexibility, the manager resorts to clever use of the loopholes he discovers in the system: recommending QSI's backed up by embroidered fitness reports, creating an organizational superstructure to accommodate people with salary inequities, writing job descriptions that use the right catch words, etc. This kind of erosion to the system begets more control which is usually self-defeating.

8. I think that the policy suggested in paragraph 6 could hardly result in a less effective system than what we have now, and that no proposed changes to salary administration policies will be effective unless they are based on less control over and more trust in the middle manager.

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Deputy Director of Computer Services

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